

S-E-C-R-E-T

This Notice Expires 1 January 1968

PERSONNEL

EX-1

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**CONTRACT EMPLOYMENT OF ANNUITANTS**

**1. POLICY**

- a. In general it is expected that employees, upon retirement, will sever active connection with the Agency. A civilian annuitant, whether retired from this Agency or from any other agency of the Government, may not be hired in any contractual capacity, whether as a contract agent (independent contractor) or contract employee (Type A or B), without the specific prior approval of the Deputy Director concerned and the Director of Personnel. Such approval will be granted only in cases where annuitants have unique skills required by the Agency for which there is a specific requirement of limited duration in the United States or foreign field which cannot be met as effectively by the utilization of other personnel. If the annuitant at any time has served in a "cover" status, coordination with the Central Cover Staff will be effected.
- b. A retired Agency employee will not be rehired to perform essentially the same duties he was performing before retirement unless the Operating Official concerned certifies that a critical situation prevails. If approval is granted, the contract shall be limited to a period of one year with the understanding that it will be terminated earlier if a suitable replacement can be obtained.

**2. GENERAL GUIDELINES**

- a. Except as stated in paragraph 1b above, a contract with an annuitant may be written for a period not to exceed two years and will normally contain a 30-day termination clause. Renewal will be based on and justified by evidence of a continuing need and the demonstrated effectiveness of the annuitant.
- b. Parties to the contract must realize that to be viable there must be "value received" for both parties. When the value to either party declines or ceases, the contract is to be terminated forthwith. Rehired annuitants must recognize the risks involved in such an arrangement.

**3. SPECIFIC GUIDELINES**

**a. CONTRACT EMPLOYEES**

- (1) The gross contractual salary of a reemployed annuitant will be determined by the nature of the duties he performs except:

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Excluded from automatic  
downgrading and  
declassification

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that it may not exceed, even in cases of full-time employment, the current salary of the grade and step held at time of retirement. When the individual is employed on less than a full-time basis, the hourly rate of compensation may not exceed the current hourly rate for the grade and step held at the time of retirement. (Under present law and Civil Service Commission regulations, when a civilian Government employee retired for longevity is rehired as an employee, his annuity continues but his gross contractual salary is reduced by the amount of that annuity. In a few cases, the annuity is stopped when the individual is reemployed, and in those cases no reduction of contractual salary is necessary. Regardless of the procedure involved, a reemployed annuitant may not receive a combination of salary payments and annuity payments which exceeds the gross contractual salary of the duties he performs during the period of his reemployment.)

- (2) Supervisors of reemployed annuitants shall prepare fitness reports following the procedures applicable to staff personnel. The first report shall be prepared during the ninth month after the effective date of the contract. Subsequent reports shall be prepared annually thereafter for the duration of the contract. The fitness report shall be reviewed by the Operating Official concerned and a copy forwarded to the Contract Personnel Division, Office of Personnel.

b. CONTRACT AGENTS (INDEPENDENT CONTRACTORS)

- (1) The total of the annuitant's retirement annuity and his gross annual contract fee may not exceed the current salary of the grade and step held at the time of his retirement.
- (2) Unless there is a clear and overriding operational justification, no housing expenses, cost-of-living expenses, or other payments in the nature of benefits and perquisites commonly accorded employees shall be authorized.
- (3) Operational expenses must be specifically authorized in advance by the appropriate authority.
- (4) The contract shall include a clause stating that on request of the Government, the individual shall submit to a medical evaluation by a mutually agreed-upon physician.
- (5) The annuitant must not, in fact, be used as an employee. To do so will invalidate the contract and may result in requiring the individual to repay a portion of the fee received under the contract. The contract agent (independent contractor) will be expected to perform tasks or hold himself available to

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perform them. Although general performance will be monitored, no regular day-to-day Agency supervision will be exercised. The contractor may not work in headquarters or in a station or base office nor will Government space or equipment be furnished unless it is absolutely essential from a cover or security viewpoint.

(6) A report on the effectiveness of the contract agent's performance shall be prepared by the responsible official during the ninth month after the date of the contract and annually thereafter for its duration. The report shall be reviewed by the Operating Official concerned. All copies of the fitness report will be retained within the directorate.

FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

R. L. BANNERMAN  
Deputy Director  
for Support

DISTRIBUTION: AB

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